

MAKING SENSE OF THIS WORLD

11 June 2018







Central Banks Return to Centre Stage

Immediately after the disastrous conclusion of the G7 meeting in Canada (which we anticipated in <u>last week's column</u>), and ahead of this week's historical meeting between US President Donald Trump and North Korea's leader Kim Jong-un, central banks return to centre stage, with the policy meetings of the US Federal Reserve, the ECB and the Bank of Japan. In line with consensus, we don't expect any change in BOJ's policy stance, especially after the Japanese economy contracted by 0.2% in Q1, and inflation has fallen back from the 1.5% yearly increase recorded in February to 0.6% recently. Following our <u>recent analysis</u>, and on the back of these data, we don't expect the BOJ to make any significant change to its communication until March 2019 at least. Regarding the ECB, <u>we expect the Governing Council</u> to start its discussion on if and how to continue with its asset purchase program, but we don't expect any major announcement to be made at this stage yet. The major obstacles to pre-commitments are the ongoing soft patch the EZ economy is experiencing and the resurgent political instability, following the formation of new governments in Spain and in Italy (on which we publish a working paper in bullet points).

Regarding the Fed, in line with consensus, we expect a 25-bps increase in its Fed funds target range to 1.75-2.0%, while we don't expect the dot plot to indicate four total hikes in 2018 yet. The key aspect of this policy meeting might be the repercussions that a further increase in US rates and strengthening of USD might have on emerging markets. As we discuss in greater detail in the section "The Quarter Ahead," the recent increase in US policy rates, reduction in the Fed's balance sheet and dollar appreciation are starting to generate significant outflows of funds from EMs, forcing some central banks to implement "defensive" rate hikes or FX interventions to defend the value of their currencies (with Brazil, Indonesia, Mexico and India having joined Turkey and Argentina). As discussed in a recent article for the FT by India's central bank governor Urjit Patel, the combination of Fed's balance sheet reduction and increased issuance of US Treasury bills and notes to finance the higher fiscal deficit due to Trump's tax cuts, is creating a dollar shortage that is putting pressure on EM currencies (especially of the most fragile countries). Initially, the Fed might shrug off the effects of its policies on other countries, but eventually it might be forced to look back into it. If the dollar appreciates notably, its policy normalisation to control inflation dynamics might afford to be slower than otherwise. If the rest of the world goes into an economic slowdown as a result of localised (but numerous) currency crises, global growth will also slow down eventually, thus affecting the Fed's policy path. It will be interesting to watch whether or not Jay Powell, in his press conference on Wednesday, will address this issue.

Our Recent Publications

- Working Paper: Bullet Points on Italy New Government to Be Initially Only Modestly Confrontational with Europe, by Brunello Rosa and Nouriel Roubini, 11 June 2018
- Fed Preview: Hike in June Done Deal, Four Hikes in 2018 Not Yet, by Nouriel Roubini and Brunello Rosa, 11 June 2018
- ECB Preview: Discussion on QE Extension to Begin in June, But No Rush to Decide by Rosa and Roubini, 8 June 2018
- Post-Brexit Customs Options Mask Deeper Choices by Brunello Rosa and Nouriel Roubini, 6 June 2018
- Germany Remains Cautious On Further Eurozone Integration by Brunello Rosa and Nouriel Roubini, 5 June 2018
- China Travel Notes: Reforms and Rebalancing to Remain Gradual, by Nouriel Roubini, 4 June 2018





The Week Ahead

The Fed, the BoJ and the ECB will hold policy meetings. The Fed will likely hike rates to 1.75-2% on June 12, on inflation rising to 2.6% y-o-y (CPI May, p: 2.5%). No policy change is expected from the BoJ and the ECB, whose press conference will be closely watched.

The ECB is likely to start a discussion on QE extension, but we don't expect to make major announcements just yet. Over the past week, Peter Praet's speech helped a rise in 10y bond yields in: Germany (+5bps to 0.45% w-o-w), Italy (+44bps, to 3.13% w-o-w) and Spain (+3bps, to 1.47% w-o-w). In Q1, EZ growth was stable (EZ GDP growth Q1 y-o-y, a: 2.5%; c: 2.5%; p: 2.5%) and is expected to remain relatively firm (Markit Comp. PMI May, a: 54.1; c: 54.1; p: 54.1) while inflation is likely fall back, after the increase to 1.9% recorded in May (c: 1.9%; p: 1.2%).

The US and North Korea leaders will meet on Tuesday. The meeting is expected to reduce tensions between the two countries.

The Quarter Ahead

US - The Fed and the government will reduce global liquidity in USD ... In the US: a) the Fed will accelerate the pace of reduction of its BS from USD 30bn per month in Q2, to 40bn in Q3 and 50bn in Q4 2018; b) the US government will increase bond issuance to fund infrastructure spending and the deficit created by the recent tax cuts; while c) the Fed will keep hiking rates: the market-implied likelihood of a 25bps hike at the June 12-13 FOMC meeting stands at 91% (pw: 93%), while the likelihood of "at least three" and "at least four" hikes in 2018 remains at 83% (pw: 83%) and 39% (pw: 37%), respectively (CME); All these factors will contribute to absorb USD liquidity.

... Creating the risk of outflows from EMs, and forcing rate hikes. In a context of declining USD liquidity, rising US interest rates and strengthening USD, EMs are vulnerable to outflows, particularly in the fixed income space. EM CBs will likely be forced to increase interest rates to prevent currency depreciation, in line with last week's moves: a) the CB of Brazil—while the government is dealing with a wave of strikes and political uncertainty ahead of the October presidential election—had to repeatedly intervene to stop the slide of the BRL, which depreciated by 16% since the end of March. As a result, the BRL strengthened by 1.6% w-o-w to USD/BRL 3.71; b) for the first time since 2014, India's CB raised its benchmark interest rate by 25bps to 6.25% and set the stage for a gradual tightening cycle; c) in Turkey—where the political and economic environment will remain volatile until the election in June 24—the CBT surprised the markets with the decision to hike, for the third time in less than two months, its 1-week policy rate by 125bps (to 17.75), leading to a 3.4% appreciation of the TRY to USD/TRY 4.49; while d) Argentina secured an IMF's USD 50bn credit line, which should reduce currency vulnerability. Last week, the EM currency index weakened by 0.4%.

In the near term, trade tensions will continue, but will not lead to a trade-war. The G7 meeting closed yesterday without progress. The U.S. and China will continue to haggle: this week, China reiterated its willingness to increase imports from the US, were the US to make concessions.

GCC - High oil prices will delay fiscal consolidation efforts. In the UAE, both Abu Dhabi and Dubai announced measures to boost growth through fiscal stimuli.

Bond issuance in MENA will remain elevated. New MENA bonds amount to USD 49.8bn y-t-d, equivalent to 57.6% of 2017's total issuance of USD 86.4bn.

Opec will increase output. Brent spot prices fell by 0.4% w-o-w to 76.5 USD/bbl on speculation that Saudi Arabia and Russia—which have scheduled talks next week—will agree to wind down existing production limits.

Last Week's Review

Global markets, driven by technology stocks, ignored concerns over the simmering US-China trade dispute. The S&P500 rose by 1.6% w-o-w—completing three consecutive weeks of gains for the first time since January—and volatility (VIX) declined w-o-w by 1.2 points to 12.2. The 10-y UST yield rose by 5bps w-o-w to 2.95%. The USD depreciated against a basket of currencies (DXY down by 0.4% w-o-w) and—as fears of populism receded in Europe —remained unchanged against the EUR, at EUR/USD 1.177. Helped by a softer USD, gold rose by 0.4% to 1,298 USD/oz. and copper reached a 4.5-year high (7,300 USD/tn), boosted by fears of strikes in Chile.

Pablo Gallego Cuervo and **Renata Bossini** contributed to this Viewsletter.

The picture in the front page comes from this website



@RosaRoubini



Rosa & Roubini



Rosa&Roubini Associates

For more information, please call us on +44 (0)207 1010 718 or send us an email to info@rosa-roubini-associates.com

www.rosa-roubini-associates.com

118 Pall Mall, London SW1Y 5ED





Abbreviations, Acronyms and Definitions

AKP Justice and Development Party annualized k thousand annualized k thousand annualized k thousand arbiva has been been been been been been been bee	а	Actual	IS	Islamic State
ann. annualized k thousand ARS Argenthian Peso KSA Kingdom of Soudi Arabia bn Billion Central Bank of Bazil Boc Bank of Canada m-o-m Month-on-month Boc Bank of Canada m-o-m Month-on-month Bol Bank of Japan mb/d Million barrels per day Barrels per day Barrels per day Basis points MILL Basis Bolance sheet MILL Consensus OEC The Organization for Economic Cooperation and Development C/A Current account Opec Consensus OEC The Organization for Economic Cooperation and Development C/A Current account Opec Consensus OEC The Organization for Economic Cooperation and Development C/A Current account Opec Consensus OEC The Organization for Economic Cooperation and Development C/A Current account Opec CB Central Bank of Kwait Pp Previous CBC Central Bank of Musica Pp Previous CBC Cooperasional Budget Office PCE Personal Consumption Expenditures CBC Otto Congressional Budget Office PCE Personal Consumption Expenditures CBC Central Bank of the Republic of Turkey PM Prime minister CDU Christian Democratic Union of Germany PMI Purchasing managers' index CBT Central Bank of the Republic of Turkey QCB Cator Central Bank CBT Central Bank of the Republic of Turkey QCB Cator Central Bank CPI Consumer Price Index QR Cator Central Central Central Central Central Central Central Central Central Cen	AKP	Justice and Development Party	JPY	Japanese yen
bn Billion RGB Central Bank of Canada BoC Bank of Canada BoC Bank of Canada BoE Bank of Canada BE Balance sheet C Consensus C Contral Bank of Kuwait BE Pervious C Contral Bank of Kuwait C Contral Bank of Mussia C Contral Bank of Republic of Turkey C COU Christian Democratic Union of Germany PM Prime minister COU Christian Democratic Union of Germany CNY Chinese Yuan CRY Chinese Yuan D PREVENTION OF Previous CRY Consumer Price Index CPI Consumer Price Index	ann.	• •	k	·
Fig. Central Bank of Facility Fig. Star Movement	ARS	Argentinian Peso	KSA	Kingdom of Saudi Arabia
BCB Central Bank of Brazil MSS Five Star Movement BOC Bank of Canada m-0-m Mullion barrels BOE Bank of Legiand mb Million barrels BOI Bank of Japan mb/d Million barrels per day BOB Barrels per day MRAN Million BS Balance sheet NAFTA North-American Free Trade Agreement C Consensus OECD The Organization of Economic Cooperation and Development C/A Current account Opec Organization of Petroleum Exporting Countries CB Central Bank of Kuwalt p Previous CBC Central Bank of Kuwalt p Previous CBC Central Bank of Massia p Privious week CBC Central Bank of Human p Previous CBC Central Bank of Million of Turkey PE Price to earnings ratio CBC Central Bank of the Republic of Turkey PM Prime minister CBT Central Bank of the Republic of Turkey QR Qatar Reputal	bn	_	LN	
BOC Bank of Canada m-o-m Month-on-month BOE Bank of England mb Million barrels BOJ Bonk of Japan mb/d Million barrels BDJ Bosis points mn Million BS Bolance sheet NAFTA North-American Free Trade Agreement C Consensus OECD The Organization for Economic Cooperation and Development C/A Current occount Opec Organization of Petroleum Exporting Countries CBC Central Bank of Kuwait pw Previous week CBC Central Bank of Kuwait pw Previous week CBO US Congressional Budget Office PCE Personal Consumption Expenditures CBO US Congressional Budget Office PCE Personal Consumption Expenditures CBT Central Bank of Republic of Turkey PM Prime minister CBT Central Bank of the Republic of Turkey QCB QCB QCB Quart Central Bank CBT Central Bank of the Republic of Turkey QCB QCB Quart Central Bank <t< td=""><td>ВСВ</td><td>Central Bank of Brazil</td><td>M5S</td><td><u> </u></td></t<>	ВСВ	Central Bank of Brazil	M5S	<u> </u>
Bob Bank of Japan mb/d Million barrels per day bpd Barrels per day MENA Million barrels per day bp3 Basis points mn Million barrels per day SS Bolance sheet NAFTA North-American Free Trade Agreement C Consensus OECD The Organization for Economic Cooperation and Development C/A Current account Opec Organization of Petroleum Exporting Countries CB Central Bank of Kuwait p Previous CBC Central Bank of Kuwait p Previous week CBO US Congressional Budget Office PE Price to earnings ratio CBC Central Bank of the Republic of Turkey PM Prime minister CDU Christian Democratic Union of Germany PMI Purchasing managers' index CDV Christian Democratic Union of Germany PMI Purchasing managers' index CDV Christian Democratic Union of Germany PMI Purchasing managers' index CBT Central Bank of the Republic of Turkey QCB Qatra Rival	BoC	•	m-o-m	
Bank of Japan bpd Barrels per day bpd Barrels per day bpd Barrels per day bpd Barrels per day bps Basis points Basis point			mb	Million barrels
bps Bariels per day MENA Mildle East and North Africa bps Basis points mn Million North-American Free Trade Agreement NAFTA North-American Free Trade Agreement Occoresions OECD The Organization for Economic Cooperation and Development Occoresions OECD The Organization for Economic Cooperation and Development Occoresion Cooperation and Development Occoresions of Development Occoresions Oc		, ,		
bys Basis points BS Balance sheet C Consensus OECD The Organization for Economic Cooperation and Development C Consensus OECD The Organization for Economic Cooperation and Development C Consensus OECD The Organization of Petroleum Exporting Countries P Previous P Previous OECD The Organization of Petroleum Exporting Countries P Previous OECD The Organization of Petroleum Exporting Countries P Previous week OECD US Congressional Budget Office OECD The Organization of Petroleum Exporting Countries P P Previous week OECD US Congressional Budget Office OECD Thistian Democratic Union of Germany OECD US Congressional Budget Office OECD US Christian Democratic Union of Germany OECD US OECD OECD US OECD OECD US OECD OECD OECD OECD OECD OECD OECD OECD			•	· · · ·
BS Balance sheet NAFTA North-American Free Trade Agreement C Consensus OECD The Organization for Economic Cooperation and Development C/A Current account Opec Organization of Petroleum Exporting Countries CB Central Bank of Kuwait p Previous CBO US Congressional Budget Office PCE Personal Consumption Expenditures CBR Central Bank of the Republic of Turkey PM Price to earning and one price to earning to the price to earning to the price to earning and one price to earning and one price to earning to the price to earning and one price to earning and one price to earning and one price to earning to the price to earning and one price to earning to the price to earning and one price to the price to earning to the price to the price to earning to the price to earni		• •		•
C Consensus C/A Current account C/A Current C/A Cu		•		
C/A Current account B Centrol bank CEK Centrol bank of Kuwait CEK Centrol Bank of Kuwait CEK Centrol Bank of Kuwait CER Centrol Bank of Kussia CER Centrol Bank of the Republic of Turkey CER Centrol Bank of the Republic of Turkey COU Christian Democratic Union of Germany CHY Chinese Yuan CER Centrol Bank of the Republic of Turkey COU Christian Democratic Union of Germany CHY Chinese Yuan CER Centrol Bank of the Republic of Turkey CPI Consumer Price Index CPI Consumer Index CPI Consumer Price Index CPI Consumer Index CPI Consumer Price Index CPI Consumer Index				
Central bank previous previous previous previous (CBK Central Bank of Kuwait previous week (CBC US Congressional Budget Office PCE Personal Consumption Expenditures (CBR Central Bank of Russia PE Price to earnings ratio (CBT Central Bank of the Republic of Turkey PM Prime minister (CDU Christian Democratic Union of Germany PMI Purchasing managers' index (CMY Chinese Yuan pps Percentage points (CBT Central Bank of the Republic of Turkey QCB Qatar Central Bank (CPI Consumer Price Index QAR Qatari Riyal RESEAR RESEAR QAR QATARI RIYAL RIYAL RESEAR RESEAR QAR QATARI RIYAL RIYAL RIYAL RESEAR RESEAR QAR QATARI RIYAL RIYA				
CBK Central Bank of Kuwait CBO US Congressional Budget Office CBR Central Bank of Russia CBT Central Bank of fussia CBT Central Bank of the Republic of Turkey CDU Christian Democratic Union of Germany CNY Chinese Yuan CBT Central Bank of the Republic of Turkey CPI Consumer Price Index CBT Central Bank of the Republic of Turkey CPI Consumer Price Index CPI Quantitative easing CPI Quantita	•		•	
CBO US Congressional Budget Office PCE Personal Consumption Expenditures CBR Central Bank of Russia PE Price to earnings ratio CBT Central Bank of the Republic of Turkey PM Prime Inister CDU Christian Democratic Union of Germany PMI Purchasing managers' index CNY Chinese Yuan PS Percentage points CBT Central Bank of the Republic of Turkey QCB Qatar Central Bank CPI Consumer Price Index QAR Qatari Riyal DIJIA Dow Jones Industrial Average Index QE Quantitative easing d-o-d Day-on-day q-o-q Quarter-on-quarter DXY US Dollar Index RBA Reserve Bank of Australia ECE European Central Bank RIUB Russian Rouble ELA US Energy Information Agency tb/d Thousand barrels per day ELA US Energy Information Agency tb/d Thousand barrels per day EME European Parliament TPP Trans Pacific Partnership EPS European Union UAE United Kingdom ELV European Union UAE United Kingdom ELV European Union UAE United Kingdom ELV European Reserve USD United States Dollar FM Future Movement USD/bbl. USD per barrel FOMC US Federal Reserve Board VAT Value added tax FX Foreign exchange WIX Chicago Board Options Exchange Volatility Index FX Foreign exchange FY Fiscal Year GCC Gulf Cooperation Council W-o-w Week-on-week GGP Grand Old Party (US Republican Party) IMF International Monetary Fund IMF Indian Rupee Intital public offering			•	
CBR Central Bank of Russia BY Pice to earnings ratio CBT Central Bank of the Republic of Turkey CDU Christian Democratic Union of Germany CNY Chinese Yuan CBT Central Bank of the Republic of Turkey CBT Central Bank of the Republic of Turkey CBT Central Bank of the Republic of Turkey CBT Consumer Price Index CPI Consumer Price Index CDIA DIAL Dow Jones Industrial Average Index d-o-d Day-on-day US Dollar Index EC European Council ECE European Council ECE European Council ECE European Council EA EER Real Effective Exchange Rate ECH European Price Index EN Emerging Markets EN Emerging Markets EN European Price Index EU European Union EU European Union EU European Union EU European Union EU S Federal Reserve US United States EUR Euro UK United Kingdom EZ Eurozone EA US Federal Reserve US United States Dollar FM Future Movement FOMC US Federal Reserve Bond Aret Committee FM Future Movement EVS Demict States FM Future Movement FOMC US Federal Reserve Bond FM Future Movement FY Fiscal Year FY Fiscal Year FY Fiscal Pear FY Forsign exchange FY Fiscal Pear FY Forsign exchange FY Fiscal Pear FORS British pound MF International Monetary Fund IMF International Exerce Intital public offering		<u> </u>	,	
CBT Central Bank of the Republic of Turkey CDU Christian Democratic Union of Germany CNY Chinese Yuan CBT Central Bank of the Republic of Turkey CPI Consumer Price Index CPI Constitution Advance Index CPI Constitution Advance Index CPI Constitution Advance Index CPI Cons				
CDU Christian Democratic Union of Germany CNY Chinese Yuan pps Percentage points CBT Central Bank of the Republic of Turkey CPI Consumer Price Index CPI Consumer Consumer Index CPI Consumer Consu		<u> </u>		<u> </u>
CNY Chinese Yuan pps Percentage points CBT Central Bank of the Republic of Turkey QCB Qatar Central Bank CPI Consumer Price Index QAR Qatar Ryaya DJIA Dow Jones Industrial Average Index QE Quantitative easing d-o-d Day-on-day q-o-q Quarter-on-quarter DJXY US Dollar Index RBA RESER Real Effective Exchange Rate ECE European Council REER Real Effective Exchange Rate ECB European Central Bank RUB Russian Rouble EIA US Energy Information Agency th/d Thousand barrels per day EM Emerging Markets tn Trillion EP European Parliament TPP Trans Pacific Partnership EPS Earnings per share TRY Trukish Lira EU European Union UAE United Arab Emirates EUR Euro EU Eurozone US United States Fed US Federal Reserve EV USD United States Fed US Federal Reserve BOMD US Federal Open Market Committee ERB US Federal Reserve Board VAT Value added tax FX Foreign exchange VIX Chicago Board Options Exchange Volatility Index FY Fiscal Year WTI West Texas Intermediate GCC Gulf Cooperation Council W-o-w Week-on-week GBP British pound IMF International Monetary Fund IMR Indian Rupee Indian Rupee Indian Rupee Indian Rupee Indian Rupee Intial public offering				
CBT Central Bank of the Republic of Turkey CPI Consumer Price Index CPI Consumer Price Index CPI Dow Jones Industrial Average Index CPI Dow Jones Industrial Average Index CPI Quantitative easing d-o-d Day-on-day Q-o-q Quarter-on-quarter DXY US Dollar Index RBA Reserve Bank of Australia ECE European Council REER Real Effective Exchange Rate ECB European Central Bank RUB Russian Rouble EIA US Energy Information Agency EM Emerging Markets EP European Parliament EP European Parliament EP European Parliament EPS Earnings per share EU European Union EUR Euro EUR Euro EUR Euro EUR Sederal Reserve USD United States Fed US Federal Reserve EM USD United States FM Future Movement FOMC US Federal Open Market Committee ERB US Federal Reserve Board EX Foreign exchange FY Fiscal Year FY Fiscal Year FY Fiscal Year FY Fiscal Party (USR Popublican Party) EA Contract States FM International Monetary Fund IMR Indian Rupee Initial public offering CEW Centre for European Economic Researc				5 5
CPI Consumer Price Index DIIA Dow Jones Industrial Average Index d-o-d Day-on-day				• .
DJIA Dow Jones Industrial Average Index d-o-d Day-on-day q-o-q Quarter-on-quarter DXY US Dollar Index EC European Council REER Real Effective Exchange Rate ECB European Central Bank RUB Russian Rouble EIA US Energy Information Agency th/d Thousand barrels per day EM Emerging Markets tn Trillion EP European Parliament TPP Trans Pacific Partnership EPS Earnings per share TRY Turkish Lira EU European Union UAE United Arab Emirates EUR Euro EUR Euro EUS Federal Reserve US United States FM Future Movement USD/bbl. USD per barrel FOMC US Federal Open Market Committee EX Foreign exchange FX Foreign exchange FX Foreign exchange FY Fiscal Year GCC Gulf Cooperation Council GBP British pound FM International Monetary Fund IMF International Monetary Fund IMF International Monetary Fund IMR Indian Rupee IPO Initial public offering EEW Centre for European Economic Researc			-	
d-o-d Day-on-day			-	•
DXY US Dollar Index REA Reserve Bank of Australia EC European Council REER Real Effective Exchange Rate ECB European Contral Bank RUB Russian Rouble EIA US Energy Information Agency tb/d Thousand barrels per day EM Emerging Markets tn Trillion EP European Parliament TPP Trans Pacific Partnership EPS Earnings per share TRY Turkish Lira EU European Union UAE United Arab Emirates EUR Euro EUR Euro UK United Kingdom EZ Eurozone EZ Eurozone Fed US Federal Reserve USD United States Fed US Federal Open Market Committee FM Future Movement FOMC US Federal Reserve Board FRB US Federal Reserve Board FX Foreign exchange FY Fiscal Year GCC Gulf Cooperation Council W-o-W Week-on-week GBP British pound GOP Grand Old Party (US Republican Party) INR Indian Rupee IPO Initial public offering		_		<u> </u>
EC European Council REER Real Effective Éxchange Rate ECB European Central Bank RUB Russian Rouble EIA US Energy Information Agency tb/d Thousand barrels per day EM Emerging Markets tn Trillion EP European Parliament TPP Trans Pacific Partnership EPS Earnings per share TRY Turkish Lira EU European Union UAE United Arab Emirates EUR Euro EUR Euroone US United States Fed US Federal Reserve USD United States Fed US Federal Reserve USD United States FOMC US Federal Open Market Committee UST US Treasury bills/bonds FRB US Federal Reserve Board VAT Value added tax FX Foreign exchange VIX Chicago Board Options Exchange Volatility Index FY Fiscal Year WTI West Texas Intermediate GCC Gulf Cooperation Council W-o-w Week-on-week GBP British pound Y-o-y Year-on-year GDP Grass domestic product Y-t-d Year-to-date GOP Grand Old Party (US Republican Party) INR Indian Rupee ZEW Centre for European Economic Researc				•
ECB European Central Bank RUB Russian Rouble EIA US Energy Information Agency tb/d Thousand barrels per day EM Emerging Markets tn Trillion EPS European Parliament TPP Trans Pacific Partnership EV European Union UAE United Arab Emirates EUR Euro UK United Kingdom EZ Eurozone US USD/bbl. USD per barrel FOMC US Federal Reserve USD UsD per barrel FOMC US Federal Reserve Board VAT Value added tax FX Foreign exchange VIX Chicago Board Options Exchange Volatility Index FY Fiscal Year WTI West Texas Intermediate GCC Gulf Cooperation Council w-o-w Week-on-week GBP British pound GOP Grand Old Party (US Republican Party) INR Indian Rupee ZEW Centre for European Economic Researc IPO Initial public offering				
EIA US Energy Information Agency tb/d Thousand barrels per day EM Emerging Markets tn Trillion EP European Parliament TPP Trans Pacific Partnership EPS Earnings per share TRY Turkish Lira EU European Union UAE United Arab Emirates EUR Euro UK United Kingdom EZ Eurozone US United States Fed US Federal Reserve USD United States Dollar FM Future Movement USD/bbl. USD per barrel FOMC US Federal Open Market Committee UST US Treasury bills/bonds FRB US Federal Reserve Board VAT Value added tax FX Foreign exchange VIX Chicago Board Options Exchange Volatility Index FY Fiscal Year WTI West Texas Intermediate GCC Gulf Cooperation Council w-o-w Week-on-week GBP British pound Y-o-y Year-on-year GDP Gross domestic product y-t-d Year-to-date GOP Grand Old Party (US Republican Party) ZAR South African Rand IMF International Monetary Fund 10-y 10 year INR Indian Rupee ZEW Centre for European Economic Researc		•		
EM Emerging Markets tn Trillion EP European Parliament TPP Trans Pacific Partnership EPS Earnings per share TRY Turkish Lira EU European Union UAE United Arab Emirates EUR Euro EUR Euroon UK United Kingdom EZ Eurozone US Us United States Fed US Federal Reserve USD United States Dollar FM Future Movement USD/bbl. USD per barrel FOMC US Federal Open Market Committee UST US Treasury bills/bonds FRB US Federal Reserve Board VAT Value added tax FX Foreign exchange VIX Chicago Board Options Exchange Volatility Index FY Fiscal Year WTI West Texas Intermediate GCC Gulf Cooperation Council w-o-w Week-on-week GBP British pound Y-o-y Year-on-year GDP Gross domestic product Y-t-d Year-to-date GOP Grand Old Party (US Republican Party) ZAR South African Rand IMF International Monetary Fund 10-y 10 year INR Indian Rupee ZEW Centre for European Economic Researc		•		
EP European Parliament TPP Trans Pacific Partnership EPS Earnings per share TRY Turkish Lira EU European Union UAE United Arab Emirates EUR Euro UK United Kingdom EZ Eurozone US United States Fed US Federal Reserve Fed US Federal Reserve USD United States Dollar FM Future Movement USD/bbl. USD per barrel FOMC US Federal Open Market Committee UST US Treasury bills/bonds FRB US Federal Reserve Board VAT Value added tax FX Foreign exchange VIX Chicago Board Options Exchange Volatility Index FY Fiscal Year WTI West Texas Intermediate GCC Gulf Cooperation Council W-o-w Week-on-week GBP British pound Y-o-y Year-on-year GDP Gross domestic product y-t-d Year-to-date GOP Grand Old Party (US Republican Party) ZAR South African Rand IMF International Monetary Fund 10-y 10 year INR Indian Rupee ZEW Centre for European Economic Researc			-	· · ·
EPS Earnings per share EU European Union EUR Euro EUR Euro EUR Euro EUR Euro UK United Arab Emirates UK United Kingdom EZ Eurozone US United States Fed US Federal Reserve FM Future Movement FOMC US Federal Open Market Committee UST UST Federal Open Market Committee UST UST Freasury bills/bonds FRB US Federal Reserve Board VAT Value added tax FX Foreign exchange FY Fiscal Year GCC Gulf Cooperation Council British pound GDP Gross domestic product GOP Grand Old Party (US Republican Party) INR Indian Rupee INR Indian Rupee INK Centre for European Economic Researc INK United States USD Per barrel VSD US Federal Perseury bills/bonds VSD per barrel VSD United States USD Per barrel USD United States USD Per barrel USD Per barrel VSD United States USD Per barrel VSD United States USD United States USD Per barrel VSD VSD Per barrel VSD Vestes Dollar VSD VSD Per barrel VSD Vollar VSD V				
EU European Union EUR Euro UK United Arab Emirates EUR Euro UK United Kingdom EZ Eurozone Fed US Federal Reserve Fed US Federal Reserve FM Future Movement FOMC US Federal Open Market Committee FY Foreign exchange FY Fiscal Year GCC Gulf Cooperation Council GBP British pound GDP Gross domestic product GOP Grand Old Party (US Republican Party) INR Indian Rupee INK UNITED States USD United States USD United States Dollar USD per barrel USD/bbl. USD per barrel USD/bbl. USD per barrel UST Value added tax VAT Value added tax VIX Chicago Board Options Exchange Volatility Index WTI West Texas Intermediate W-o-w Week-on-week Year-on-year Year-on-year Year-to-date South African Rand IMF International Monetary Fund Indian Rupee ING Centre for European Economic Researc		·		,
EUR Euro EZ Eurozone Fed US Federal Reserve Fed US Federal Reserve FM Future Movement FOMC US Federal Open Market Committee FX Foreign exchange FY Fiscal Year GCC Gulf Cooperation Council GBP British pound GDP Gross domestic product GOP Grand Old Party (US Republican Party) INR Indian Rupee IVS USD United States Dollar USD/bbl. USD per barrel USD/bbl. USD per barrel UST VS Treasury bills/bonds VAT Value added tax VAT Value added tax VIX Chicago Board Options Exchange Volatility Index WTI West Texas Intermediate W-o-w Week-on-week Year-on-year Year-on-year Year-on-year Year-to-date South African Rand IMF International Monetary Fund Indian Rupee IPO Initial public offering		3 ,		
EZ Eurozone US United States Fed US Federal Reserve USD United States Dollar FM Future Movement USD/bbl. USD per barrel FOMC US Federal Open Market Committee UST US Treasury bills/bonds FRB US Federal Reserve Board VAT Value added tax FX Foreign exchange VIX Chicago Board Options Exchange Volatility Index FY Fiscal Year WTI West Texas Intermediate GCC Gulf Cooperation Council w-o-w Week-on-week GBP British pound y-o-y Year-on-year GDP Gross domestic product y-t-d Year-to-date GOP Grand Old Party (US Republican Party) ZAR South African Rand IMF International Monetary Fund 10-y 10 year INR Indian Rupee ZEW Centre for European Economic Researc		·		
Fed US Federal Reserve USD United States Dollar FM Future Movement USD/bbl. USD per barrel FOMC US Federal Open Market Committee UST US Treasury bills/bonds FRB US Federal Reserve Board VAT Value added tax FX Foreign exchange VIX Chicago Board Options Exchange Volatility Index FY Fiscal Year WTI West Texas Intermediate GCC Gulf Cooperation Council w-o-w Week-on-week GBP British pound y-o-y Year-on-year GDP Gross domestic product y-t-d Year-to-date GOP Grand Old Party (US Republican Party) ZAR South African Rand IMF International Monetary Fund 10-y 10 year INR Indian Rupee ZEW Centre for European Economic Researc				
FM Future Movement FOMC US Federal Open Market Committee FOMC US Federal Open Market Committee FRB US Federal Reserve Board FX Foreign exchange FY Fiscal Year GCC Gulf Cooperation Council GBP British pound GDP Gross domestic product GOP Grand Old Party (US Republican Party) IMF International Monetary Fund INR Indian Rupee IPO Initial public offering INS USD per barrel USD /bbl. USD per barrel UST US Treasury bills/bonds VAT Value added tax Vat Chicago Board Options Exchange Volatility Index Wesk-on-week Week-on-week Year-on-year Year-on-yea				
FOMC US Federal Open Market Committee UST US Treasury bills/bonds FRB US Federal Reserve Board VAT Value added tax FX Foreign exchange VIX Chicago Board Options Exchange Volatility Index FY Fiscal Year WTI West Texas Intermediate GCC Gulf Cooperation Council w-o-w Week-on-week GBP British pound y-o-y Year-on-year GDP Gross domestic product y-t-d Year-to-date GOP Grand Old Party (US Republican Party) ZAR South African Rand IMF International Monetary Fund 10-y 10 year INR Indian Rupee ZEW Centre for European Economic Researc				
FRB US Federal Reserve Board VAT Value added tax FX Foreign exchange VIX Chicago Board Options Exchange Volatility Index FY Fiscal Year WTI West Texas Intermediate GCC Gulf Cooperation Council w-o-w Week-on-week GBP British pound y-o-y Year-on-year GDP Gross domestic product y-t-d Year-to-date GOP Grand Old Party (US Republican Party) ZAR South African Rand IMF International Monetary Fund 10-y 10 year INR Indian Rupee ZEW Centre for European Economic Researc				•
FX Foreign exchange FY Fiscal Year GCC Gulf Cooperation Council GBP British pound GDP Gross domestic product GOP Grand Old Party (US Republican Party) IMF International Monetary Fund INR Indian Rupee IPO Initial public offering WIX Chicago Board Options Exchange Volatility Index WTI West Texas Intermediate W-o-w Week-on-week Week-on-week Y-o-y Year-on-year Year-to-date		•		
FY Fiscal Year WTI West Texas Intermediate GCC Gulf Cooperation Council w-o-w Week-on-week GBP British pound y-o-y Year-on-year GDP Gross domestic product y-t-d Year-to-date GOP Grand Old Party (US Republican Party) ZAR South African Rand IMF International Monetary Fund 10-y 10 year INR Indian Rupee ZEW Centre for European Economic Researc IPO Initial public offering				
GCC Gulf Cooperation Council w-o-w Week-on-week GBP British pound y-o-y Year-on-year GDP Gross domestic product y-t-d Year-to-date GOP Grand Old Party (US Republican Party) ZAR South African Rand IMF International Monetary Fund 10-y 10 year INR Indian Rupee ZEW Centre for European Economic Researc IPO Initial public offering		5		, , ,
GBP British pound y-o-y Year-on-year GDP Gross domestic product y-t-d Year-to-date GOP Grand Old Party (US Republican Party) ZAR South African Rand IMF International Monetary Fund 10-y 10 year INR Indian Rupee ZEW Centre for European Economic Researc IPO Initial public offering				
GDP Gross domestic product y-t-d Year-to-date GOP Grand Old Party (US Republican Party) ZAR South African Rand IMF International Monetary Fund 10-y 10 year INR Indian Rupee ZEW Centre for European Economic Researc IPO Initial public offering		· · ·		
GOP Grand Old Party (US Republican Party) IMF International Monetary Fund INR Indian Rupee IPO Initial public offering ZAR South African Rand 10-y 10 year ZEW Centre for European Economic Researc		•		•
IMFInternational Monetary Fund10-y10 yearINRIndian RupeeZEWCentre for European Economic ResearcIPOInitial public offering		·	,	
INR Indian Rupee ZEW Centre for European Economic Researc IPO Initial public offering		* * * * * * * * * * * * * * * * * * * *		
IPO Initial public offering		,	,	·
		•	ZEVV	сепи е јог вигореан всонотно кеѕеагс
	iru	iniciai pablic ojjering	(X	

Rosa & Roubini Associates Ltd is a private limited company registered in England and Wales (Registration number: 10975116) with registered office at 118 Pall Mall, St. James's, London SW1Y 5ED, United Kingdom. VAT registration number GB 278 7297 39.

Rosa & Roubini

Analyst Certification: We, Brunello Rosa and Nouriel Roubini, hereby certify that all the views expressed in this report reflect our personal opinion, which has not been influenced by considerations of Rosa&Roubini Associates's business, nor by personal or client relationships. We also certify that no part of our compensation was, is or will be, directly or indirectly, related to the views expressed in this report. Disclaimer: All material presented in this report is provided by Rosa & Roubini Associates-Limited for informational purposes only and is not to be used or considered as an offer or a solicitation to sell or to buy, or subscribe for securities, investment products or other financial instruments. Rosa & Roubini Associates Limited does not conduct "investment research" as defined in the FCA Conduct of Business Sourcebook (COBS) section 12 nor does it provide "advice about securities" as defined in the Regulation of Investment Advisors by the U.S. SEC. Rosa & Roubini Associates Limited is not regulated by the FCA, SEC or by any other regulatory body. Nothing in this report shall be deemed to constitute financial or other professional advice in any way, and under no circumstances shall we be liable for any direct or indirect losses, costs or expenses nor for any loss of profit that results from the content of this report or any material in it or website links or references embedded within it. The price and value of financial instruments, securities and investment products referred to in this research and the income from them may fluctuate. Past performance and forecasts should not be treated as a reliable quide of future performance or results; future returns are not guaranteed; and a loss of original capital may occur. This research is based on current public information that Rosa & Roubini Associates considers reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. Rosa & Roubini Associates, its contributors, partners and employees make no representation about the completeness or accuracy of the data, calculations, information or opinions contained in this report. Rosa & Roubini Associates has an internal policy designed to minimize the risk of receiving or misusing confidential or potentially material non-public information. We seek to update our research as appropriate, but the large majority of reports are published at irregular intervals as appropriate in the author's judgment. The information, opinions, estimates and forecasts contained herein are as of the date hereof and may be changed without prior notification. This research is for our clients only and is disseminated and available to all clients simultaneously through electronic publication. Rosa & Roubini Associates is not responsible for the redistribution of our research by third party aggregators. This report is not directed to you if Rosa & Roubini Associates is barred from doing so in your jurisdiction. This report and its content cannot be copied, redistributed or reproduced in part or whole without Rosa & Roubini Associates' written permission.

